

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY LA PAZ PRIORITY

C O N F I D E N T I A L STATE 215028

E.O. 11652: GDS

TAGS: PDIP, BL; US

SUBJECT: AMBASSADOR CRESPO'S CALL ON ASSISTANT SECRETARY
SHLAUDEMAN

1. BOLIVIAN AMBASSADOR CRESPO CALLED ON ASSISTANT SECRETARY SHLAUDEMAN AUGUST 30 TO DISCUSS CURRENT LEGISLATION BEFORE HOUSE AND SENATE COMMITTEES ON GSA TIN DISPOSALS (SEPTTEL WILL REPORT CURRENT STATUS OF THESE TWO BILLS). CRESPO DESCRIBED BOLIVIA'S CONCERN OVER THE IMPACT OF GSA SALES ON WORLD MARKET PRICES FOR TIN. HE CONTENDED THAT GSA DISPOSALS IN 1973 AND 1974 WERE PARTIALLY RESPONSIBLE FOR SUBSEQUENT ITC-IMPOSED RESTRICTIONS ON TIN EXPORTS BY PRODUCER NATIONS, ALTHOUGH HE ADMITTED THAT REDUCED DEMAND AMONG INDUSTRIALIZED NATIONS DURING THE WORLD-WIDE RECESSION OF 1974-75 ALSO CONTRIBUTED TO THE ITC DECISION. CRESPO FURTHER STATED THAT BOLIVIA HAS SOME 5000 MT OF UNSOLD TIN REMAINING FROM THE EXPORT CONTROL PERIOD, AND NOW FACES FURTHER DAMAGE TO ITS MARKETING POTENTIAL IF GSA PROCEEDS TO SELL SIGNIFICANT AMOUNTS OF TIN UNDER A NEW 28,000 TON AUTHORIZATION. HE REMINDED US THAT
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WE TOLD PRESIDENT BANZER IN JUNE THAT PROSPECTS

WERE SLIGHT FOR ANY EXPANDED CONGRESSIONAL AUTHORIZATION OF GSA TIN DISPOSALS THIS YEAR. HE EXPRESSED THE HOPE THAT CONGRESS WOULD REFRAIN FROM SUCH AUTHORIZATION DURING

ITS SHORT REMAINING SESSION, ASKING THAT THE STATE DEPARTMENT CONVEY BOLIVIA'S CONCERNS TO THE APPROPRIATE CONGRESSIONAL COMMITTEES. CRESPO CONCLUDED BY EXPRESSING BOLIVIA'S UNDERSTANDING OF THE ECONOMIC CONSIDERATIONS BEHIND GSA TIN DISPOSAL POLICIES, BUT REITERATED BOLIVIAN OPPOSITION TO DISPOSALS DURING A SINGLE FISCAL YEAR OF THE MAGNITUDE PROJECTED IN CURRENT LEGISLATION. HE REITERATED HIS COUNTRY'S POSITION THAT ITA-TYPE BUFFER STOCK ARRANGEMENTS RATHER THAN CARTELS SUCH AS OPEC REMAIN THE BEST MARKET REGULATING MECHANISM AVAILABLE TO BOTH PRODUCERS AND CONSUMERS.

2. ASSISTANT SECRETARY SHLAUDEMANN NOTED IN RESPONSE THE DEPARTMENT'S VIEW THAT GSA TIN DISPOSALS IN THE PAST HAVE HELPED TO STABILIZE WORLD MARKET PRICES, THUS BENEFITTING BOTH PRODUCER AND CONSUMER NATIONS. HE ALSO CITED GSA'S LEGISLATIVELY-MANDATED POLICY OF CONDUCTING DISPOSALS IN A MANNER WHICH AVOIDS MARKET DISRUPTION, NOTING THAT AUTHORIZATION OF A FIXED DISPOSAL LEVEL DOES NOT IMPLY THAT GSA WILL SELL ANY OR ALL OF THE AUTHORIZED AMOUNT IN A GIVEN FISCAL YEAR. SHLAUDEMANN PROMISED TO INFORM CRESPO OF THE DEPARTMENT'S ESTIMATE ON LIKELIHOOD OF CONGRESSIONAL APPROVAL FOR BOTH THE GSA DISPOSAL AUTHORITY AND US PARTICIPATION IN THE FIFTH INTERNATIONAL TIN AGREEMENT. KISSINGER

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